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OLL 84-2588/1

26 July 1984

MEMORANDUM FOR: 

25X1

VIA:

Chief, Liaison Division/OLL *3*

FROM:

  
Liaison Division  
Office of Legislative Liaison

25X1

SUBJECT:

18 July 1984 Los Angeles Times Article re  
U.S. Officials Link Sandinista Chiefs to  
Cocaine Traffic

1. Yesterday, Thomas K. Latimer, Staff Director, House Permanent Select Committee on Intelligence (HPSCI), called to inquire about the attached article of 18 July 1984. I also came across an article dated 19 July, which I am assuming is a follow-up to the 18th, which I am also attaching.

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2. He raised concerns regarding the highlighted portions in the article of the 18th, and asked if the Central Intelligence Agency was indeed involved in this matter.

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3. Would you please check with the appropriate office(s) regarding the validity of the articles as soon as possible. (Note: The Directorate of Intelligence was first tasked with the response to Latimer, but said that it came under the Directorate of Operations.)

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Attachments:

As stated

Distribution:

Original - Addressee  
1 - OLL Record  
1 - OLL Chrono  
1 - JW Chrono

OLL/LD  (26 July 84)**SECRET**

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ARTICLE APPEARED  
ON PAGE 1, Sec. 1

LOS ANGELES TIMES  
19 July 1984

# 3 Held, 3 Sought in Cocaine Case

## U.S. Warrant Names Key Sandinista Aide

By RONALD J. OSTROW,  
Times Staff Writer

WASHINGTON—Federal drug enforcement agents Wednesday arrested three people in Miami and obtained warrants for three others, including an aide to Nicaraguan Interior Minister Tomas Borge, charging that they had smuggled 1,452 pounds of cocaine from Nicaragua into the United States.

U.S. officials here said the arrests were part of a major Drug Enforcement Administration investigation that has uncovered what they say is Borge's direct participation in a conspiracy to process cocaine in Nicaragua for eventual distribution in Miami and Los Angeles. Borge himself was not charged.

The officials, speaking on the condition they not be identified, said U.S. intelligence sources have obtained a photograph of Borge standing next to Pablo Escobar-Gaviria, one of two Colombian nationals being sought, as a plane was being loaded June 25 with duffel bags of cocaine at the airport in the Nicaraguan capital of Managua.

Nicaraguan Defense Minister Humberto Ortega, the brother of chief of state Daniel Ortega, also has been linked to the scheme, the U.S. officials asserted. But they acknowledged Wednesday that the evidence implicating Humberto Ortega is more circumstantial than the photograph of Borge, which they said was taken by a camera hidden in the smuggling plane by U.S. intelligence agents.

U.S. officials refused to release or show the photograph of Borge or any other photographic evidence to The Times, saying the material is part of an ongoing criminal investigation. They also would not say why warrants were not issued for either Borge or Ortega.

Evidence of Nicaragua's involvement in the cocaine trade could become a significant factor in the Reagan Administration's attempts to win new funding for the CIA-directed rebels fighting the leftist Sandinista regime. White House aides have said they plan to make another attempt next week to win \$21 million in aid being blocked by the House.

"If there's a picture like that and they send it up here, it could turn the whole thing around for them," an aide to a key Democratic congressman said Wednesday.

### Borge Denies Charges

In Managua, Borge dismissed U.S. charges that he was involved in cocaine trade. "It would be lacking seriousness on my part if I respond to that accusation," he said.

The criminal complaint filed in Miami and an attached 10-page affidavit by special agent Ernst S. Jacobsen of the Drug Enforcement Administration provided the first official charges linking Nicaraguan officials with attempts to smuggle cocaine into the United States.

U.S. Magistrate Herbert S. Shapiro set bond at \$10 million each for those arrested. They were identified as Carlos A. Bustamante, 31, a Colombian; Paul Eizel, 37, a Colombian living in Miami, and Felix Dixon Bates, 34, an American from Miami. Warrants were issued for Frederico Vaughan, the aide to Borge; and Jorge Luis Ochoa and Escobar, ranked by the DEA as among the top five Colombian cocaine traffickers.

U.S. officials in Washington said Wednesday that the drug agency's four-month investigation began after the CIA provided information indicating that the Sandinista regime had decided to join with major Colombian cocaine traffickers to earn badly needed foreign exchange for the Nicaraguan economy.

Jacobsen's affidavit said that crucial information in the probe was provided by a pilot who had been flying cocaine from Latin America into the United States since 1981. Other government sources said the pilot, who flew as many as 500 smuggling trips from Colombia to the United States, became an informant after DEA agents confronted him with incriminating evidence.

U.S. officials refused to identify

the pilot or his nationality.

The pilot's reliability was corroborated by secret tape recordings of his conversations with the suspects, the seizure of the 1,452 pounds of cocaine, physical and photographic surveillance by DEA agents of meetings the pilot had with the suspects and "independent corroboration of information supplied by the informant," the affidavit said.

That corroboration, according to intelligence sources, included high-resolution satellite photographs of the Managua airport that were analyzed by CIA experts.

The affidavit gave this account of how the alleged Nicaraguan involvement in smuggling began:

Ochoa, who was planning with Bustamante to fly 1,500 kilos (about 1½ tons) of cocaine from an airstrip in Colombia to the pilot-informant's strip in Louisiana, hired Bates to serve as co-pilot at a salary of \$100,000. From Louisiana, half of the cocaine was to be delivered to Bustamante in Miami and the other half to Los Angeles overland by people hired by the pilot.

At an April 8 meeting in Medellin, Colombia, Ochoa told the pilot that the Sandinistas had agreed to help him develop a 6,000-foot airstrip in Nicaragua for the smuggling operation. After a series of delays, the pilot finally transported the Colombian cocaine to Managua, where he met with Vaughan on June 3. The plane, with the cocaine still aboard, was refueled and the pilot took off.

Presumably by mistake, however, Nicaraguan anti-aircraft defenses shot out the twin-engine plane's left engine, forcing the craft to return to Managua. Sandinista military personnel, Vaughan and Escobar then unloaded the cocaine, according to the affidavit.

Continued

On June 24, the pilot, who had returned to Miami, went back to Managua and met with Vaughan and Escobar. "Photographs were taken of Vaughan and Escobar assisting in the loading of the aircraft" with the load of cocaine, the affidavit said. "DEA is in possession of those photographs."

Although the affidavit did not say so, U.S. officials in Washington said the photographs also recorded Borge himself.

The pilot then flew to the United States, where the plan went awry when a van carrying the cocaine to Miami was involved in a traffic accident and the drug was seized by the Florida Highway Patrol, the affidavit said.

On July 6, the affidavit said, Bustamante gave the pilot \$1.5 million—counted and photographed by the DEA—to deliver to Escobar and Vaughan in Nicaragua.

The affidavit said that on Monday, Vaughan told the pilot that a new cocaine processing laboratory was ready for use in Nicaragua. However, word of the DEA investigation began leaking out in the United States and a plan to make another drug run was aborted.

LOS ANGELES TIMES

18 July 1984

ARTICLE APPEARED  
ON PAGE A-1

## U.S. Officials Link Sandinista Chiefs to Cocaine Traffic

By RONALD J. OSTROW  
and DOYLE McMANUS,  
*Times Staff Writers*

WASHINGTON—High-ranking members of the Nicaraguan government have been linked to a drug-smuggling scheme involving three of Colombia's largest cocaine traffickers, U.S. intelligence sources said Tuesday.

Among the officials that the sources said are implicated are Interior Minister Tomas Borge and Defense Minister Humberto Ortega, the brother of chief of state Daniel Ortega. Their names surfaced during a major Drug Enforcement Administration investigation of the Colombian traffickers.

As evidence of the Nicaraguan connection, government officials cited high-resolution satellite photographs of a plane being loaded with cocaine at the airport in Managua, the Nicaraguan capital, and information supplied by the plane's pilot, a DEA informant.

While Administration officials said Tuesday that intelligence reports directly implicated Borge and Ortega, they refused to divulge further details to buttress their accounts.

The officials said they could only speculate on the motives the Nicaraguan leaders' would have for involvement in the smuggling operation. Some theorized that it may have been meant to earn foreign exchange for Nicaragua, whose economy has been drained by the expense of fighting CIA-backed rebels. The U.S. officials also said the scheme could have been designed simply for personal enrichment.

Word of the alleged Nicaraguan connection to the drug smuggling scheme began to surface in the United States last week, forcing the DEA to hastily withdraw the pilot-informant from Central America last weekend. Earlier, Gen. Paul F. Gorman, commander of the U.S. Southern Military Command in Panama, had charged in a speech that the Nicaraguan leadership was involved in drug smuggling.

"We just barely got the guy out of there," one official said of its

informant. DEA supervisors and others involved in the investigation met in Miami Tuesday in an attempt to salvage the inquiry.

Sources said that word of the Nicaraguan officials' role in the drug smuggling first came to the U.S. drug agency's attention through the pilot, who U.S. officials said was recruited by the Sandinistas earlier this year and given money to buy an airplane for the operation. They would not further identify the pilot or say whether he had been an informant before the Nicaraguans recruited him.

The pilot flew to Managua and taxied to an area of the airport normally used only for military and official planes, government sources said. The sources maintained that Defense Minister Ortega's approval would normally be needed for such an operation.

The pilot told U.S. officials that a top assistant to Borge met him there and led him to a shipment of Colombian cocaine, which the two men loaded onto the aircraft. The size of the shipment could not be determined, although U.S. officials called it "substantial."

Satellite photographs of the airport analyzed by the CIA corroborated both the pilot's account of where he had parked his plane and how the aircraft had been loaded from a limousine used by Borge's aide, government sources said.

The pilot took off in the plane but was forced to land when the aircraft was hit by ground fire of uncertain origin over Nicaraguan territory, U.S. officials said. Borge's aide then gave the pilot more money to buy another aircraft, which he used last month to smuggle the cocaine to an undisclosed destination in the United States, they said.

U.S. sources said another flight had been planned for this month but that the operation was aborted when word of the smuggling scheme began to leak out.

Ortega and Borge are two of the most powerful members of the nine-man directorate of the Sandinista Front, Nicaragua's ruling leftist party.

Borge, 55, is the chief of the front's hard-line Marxist faction and the most senior of its members. As interior minister, he is in charge of the regime's secret police force.

Ortega was the chief military strategist in the final guerrilla offensive that overthrew the dictatorship of Anastasio Somoza in 1979.

The prime targets of the DEA investigation are understood to be three Colombians: congressman Pablo Escobar Gaviria, Fabio Restrepo Ochoa and Jose Lehder. They are considered by the DEA to be among the top five suspected Colombian cocaine traffickers.

Investigators had hoped to apprehend the three either in Florida or in a third country, possibly Bolivia, the sources said. U.S. officials said a federal grand jury may still be asked to return an indictment against the Colombians.